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AGRICULTURAL OUTLOOK DIGEST

ECONOMIC RESEARCH SERVICE • U. S. D. A. • WASHINGTON, D. C. AOD-77 MAY 1961

Sign-up of farmers under the feed grain program is moving ahead rapidly. National sign-up deadline is June 1.

Through May 12, corn producers agreed to divert 14.2 million acres to soil conserving uses. This was about 41 percent of the base acreage on their farms, indicating that many small producers are putting their entire acreage under the program; many large producers, substantially more than the 20 percent minimum. Total base acreage of participating farms was 34.5 million, which is about 41 percent of the average 1959-60 U. S. planted acreage of 83.6 million.

Sorghum producers signed up to divert 2.5 million acres, which was 42 percent of the 5.9 million base acreage on their farms. The acreage of participating farms represents about 32 percent of the national base of 18.6 million acres planted for this crop.

FEED--Feed grain prices advanced during April following the sharp decline in the last half of March. However, in mid-April prices averaged 8 percent lower than a year earlier. Corn prices, during the next few months, probably will strengthen because of the relatively tight supply of free corn available for the remainder of the marketing year. Feed grain prices are likely to average higher in 1961-62 than for the current year, when prices dropped to the lowest level since World War II. Main reasons: (1) Expected smaller feed grain production, (2) higher price supports under the feed grain program.

LIVESTOCK--Meat production is currently a little above 1960 rates, and is expected to hover around last year's levels during the rest of 1961. For the year as a whole, a small gain in output is likely.

Relatively stable prices are in prospect until about mid-year for most classes of meat animals. Hog prices are expected to advance seasonally this summer, but in the fall will likely be somewhat lower than last fall. For 1961, they probably will average above 1960 prices...Fed cattle prices are likely to hold close to present springtime levels; a rise to a summertime peak appears possible...Lamb prices, which have failed to recover since last summer, are expected to rise seasonally but will likely average lower for all of 1961 as compared with 1960.

DAIRY--Farmers' prices for manufacturing milk, through August, are expected to be well above those of 1960 levels because of higher price supports. Then, they probably will run closer to last year's levels. In the last quarter of 1960, prices were well above supports due to a strong demand for milk for making cheese.

POULTRY AND EGGS--Large supplies of broilers, turkeys, and eggs are keeping prices substantially below year-earlier levels. Recently, slaughter of broilers has run a fifth above last year; turkeys, one-half above. Egg production has passed its seasonal peak and on May 1 was below last year. Prospects are for continuing large supplies of poultry meat and eggs for the remainder of the year.

WOOL--The average price received by U. S. growers for shorn wool is expected to increase moderately during the next two to three months because of increased mill activity. The mid-summer price peak will probably not be as high as a year earlier. Prices this fall are not expected to decline as low as last fall because of an anticipated increase in mill activity.

SOYBEANS--Soybean supplies from June to September are expected to be somewhat smaller than a year earlier; demand will continue stronger. Prices through mid-summer will average sharply above last year as bean crushers and exporters compete for the smaller current supply of beans. Thereafter, new crop prospects will have a bearing on prices.

Soybean crushings for the entire marketing year probably will total about 400 million bushels compared with 392 million in 1959-60. Most of the impetus to the heavy crush comes from strong domestic and export demand for edible oils and the high rate of feeding protein feeds.

With an expected soybean crush of 400 million bushels for 1960-61, and exports of 141 million bushels, the carryover this October will probably be about 5 million bushels. This will be 18 million bushels less than last year's carryover and the smallest bean inventory since 1956.

FRUIT--Prospects are for above average peach production in nine southern States, with output likely to be about 16 million bushels. In California, which with these southern States provide most of the fresh market peaches, indications also point to an above-average crop.

Strawberry production this year is expected to be about 464 million pounds--a little smaller than a year earlier. Smaller crops than last year in the mid-spring States more than offset increases in other States.

VEGETABLES--Production of fresh market vegetables this spring is likely to be moderately smaller than last year and less than the 1950-59 average. The weather has caused crop damage in some areas. Indicated smaller production: Asparagus, snap beans, sweet corn, lettuce, carrots, onions, green peppers, tomatoes, broccoli, cauliflower, and egg plant. Larger production: Cabbage, celery, and spinach.

Supplies of potatoes this spring will continue a little larger than a year earlier; total spring production is expected to be slightly larger than last spring. Prospects after spring: Growers intend to plant 7 percent more acres for late summer and fall harvest than in 1960. This would result in at least moderately more potatoes than last year with prices to growers likely to be substantially below those of the current season. To prevent a surplus and low prices, the Secretary of Agriculture recently urged potato growers to plant materially less acreage than indicated by their March intentions.